

***United States Court of Appeals  
for the Second Circuit***



**APPENDIX**





76-1485

UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

UNITED STATES OF AMERICA,

Plaintiff-Appellee

vs.

Docket No. 76-1485

JUNE BUFFHAM,

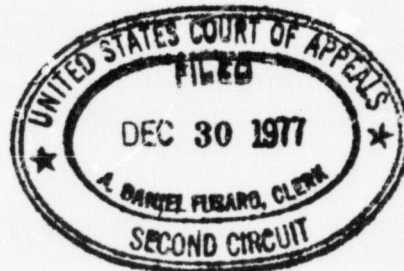
Defendant-Appellant.

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APPENDIX

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1           that the involvement, knowing of the way that the  
2           monies were being handled by Mr. Van Graafeiland.

3                       Now, admittedly, Mrs. Buffham took  
4           part of this action at the direction of her boss,  
5           Mr. Van Graafeiland. On the other hand, to a certain  
6           extent, she was a willing participant in the activity.  
7           That is basically Mrs. Buffham.

8                       Now, Mr. Gallo, because you people have  
9           heard these names for the very first time, it may  
10          be very difficult for you to figure out who I am  
11          talking about, and what I am talking about, and the  
12          Defendants, and so forth, and I have drawn a chart  
13          on this blackboard, if there is no objection?

14                      THE COURT: No, not at this time. Not  
15          in an opening. Just give them a broad outline of  
16          what you expect to prove, Mr. Matthews. Give it to  
17          them in a nutshell. What do you expect to prove, and  
18          five minutes should be ample time.

19                      MR. MATTHEWS: All right. You have  
20          Mr. Gallo going to Mr. Van Graafeiland, and requesting  
21          of Mr. Van Graafeiland to loan additional monies to  
22          Mr. Glassford. And you have Mr. Gallo going to  
23          Mr. Glassford requesting of Mr. Glassford to seek  
24          additional monies from Mr. Van Graafeiland.

25                      Now, how do we do this? All right.

1 A December 23rd, 1974.

2 Q And as a result of your review of those records, what  
3 did you discover, if anything?

4 A As a result of the review of the records, we discovered  
5 that one million fourteen thousand dollars was missing  
6 from that branch office. The funds that were there  
7 were dispersed and were covered up or concealed by  
8 falsifying bank records. There are three various  
9 methods used -- the three various methods used when  
10 we examined the Oswego office was, number one: we  
11 discovered \$315,000.00 dollars dispersed from commercial  
12 loans that were -- that did not have sufficient loan  
13 documentation. We also discovered a commercial loan  
14 on the books for \$24,000.00 that had a \$24,000.00 pass-  
15 book of the Fulton County Savings Bank held as  
16 collateral, which our examination discovered there  
17 was no such passbook ever at Fulton County Savings  
18 Bank. And there was \$675,000.00 missing from the  
19 cash drawer of the head teller's box, and was covered  
20 up or concealed by a currency advance ticket for the  
21 Oswego County Savings Bank, which, in effect was not  
22 redeemable at that bank.

23 Q Twenty-four thousand dollars was covered by a non-  
24 existent passbook as a loan?

25 A Yes.



1 Q And now, with respect to the loans and process that  
2 you mentioned, did you bring a chart with you today?

3 A Yes, I have one.

4 Q And was that chart prepared by you?

5 A Yes, under my direction.

6 Q And, what, basically, does that diagram or chart show?

7 THE COURT: Let's put the chart in  
8 evidence before we start telling what it says.

9 MR. MATTHEWS: I had hoped to use it  
10 as an aid.

11 THE COURT: Put it in evidence, first.

12 THE CLERK: Government's Exhibit one,  
13 marked for Identification.

14 (Chart marked as Government's Exhibit  
15 number one for Identification.)

16 THE CLERK: Government's Exhibit number  
17 two, marked for Identification.

18 (Chart marked Government's Exhibit  
19 number two for Identification.)

20 BY MR. MATTHEWS:

21 Q Mr. Grudzinski, I show you this Exhibit number one  
22 and number two, and would you please identify them  
23 (Offering), and please explain what it is.

24 It is one of the thirteen items  
25 used to --

APL

1 THE COURT: It is a chart that you  
2 prepared, I take it?

3 THE WITNESS: Yes, sir.

4 THE COURT: Now, what does it purport  
5 to show?

6 THE WITNESS: One of the ways that the  
7 monies were taken out of the Oswego office.

8 THE COURT: Okay, offer it.

9 MR. MATTHEWS: I offer Exhibit two,  
10 first, in evidence.

11 MR. GERBER: No objection.

12 MR. TISDELL: No objection.

13 THE COURT: It is received.

14 THE CLERK: Government's Exhibit number  
15 two for Identification, received in evidence.

16 (Government's Exhibit number two for  
17 Identification, received in evidence.)

18 BY MR. MATTHEWS:

19 Q Now, with respect to that chart, this is one of  
20 thirteen loans in process?

21 A That is correct.

22 Q And these thirteen loans in process covered up what  
23 amount of money?

24 A They covered \$315,000.00.

25 Q Would you very briefly come down here and explain to



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1 A I wouldn't know the dates. But like I say, several  
2 times.

3 Q Approximately when --

4 THE COURT: When? Was it 1902 or 1980?  
5 When, when?

6 THE WITNESS: 1972, and 1973, and 1974.

7 THE COURT: Throughout the year?

8 THE WITNESS: Yes.

9 THE COURT: All right, go ahead.

10 BY MR. MATTHEWS:

11 Q And how did you expect to pay back Mr. Van Graafeiland  
12 for these loans?

13 A Oh, I thought the business would go better than it  
14 was going. We were doing plenty of work, but showing  
15 a loss on most of it.

16 Q How much of a loss, Mr. Glassford, per year?

17 A Probably \$20,000.00 or more.

18 Q Did you ever talk to anyone else in the bank besides  
19 Mr. Van Graafeiland?

20 A Yes.

21 Q And who was that?

22 A I spoke with Mrs. Buffham on occasion.

23 Q And is Mrs. Buffham in the courtroom today?

24 A Yes, she is.

25 Q And would you please point her out?

1 better sell me that car or I will blow the whole thing  
2 at the bank, and I took it jokingly, really.

3 MR. GERBER: Would you tel' me when  
4 that occurred?

5 How about a foundation of when that  
6 occurred, Your Honor?

7 BY MR. MATTHEWS:

8 Q When did that occur?

9 A That would be the Fall of 1973.

10 THE COURT: Where?

11 BY MR. MATTHEWS:

12 Q Where did it take place?

13 A Well, it was a telephone conversation.

14 THE COURT: Where were you, and where  
15 was she?

16 THE WITNESS: I was home, I believe.  
17 I couldn't tell you where Mrs. Buffham was.

18 BY MR. MATTHEWS:

19 Q Did you have any conversation with Mrs. Buffham with  
20 respect to what would happen if this matter wasn't  
21 straightened out?

22 A Yes, she --

23 Q Please explain the time, and where it took place?

24 A This would still be well into 1974, I imagine, that  
25 the indebtedness got so great, supposedly that she



1 A Well, in 19 -- at one time I remember it was 1974 and  
2 I was in Oswego and I called Mr. Van Graafeiland.  
3 I needed a \$4,000.00 loan for something, and I don't  
4 recall what it was. And he instructed me not to come  
5 in the bank, but to wait in a phone booth near the bank,  
6 and he would send Mrs. Buffham out with it -- with a  
7 check for me, which he did.

8 Q And that did occur?

9 A That did occur.

10 Q Did you ever leave messages with Mrs. Buffham with  
11 respect to the monies that you needed?

12 A Yes, several times.

13 Q And when did this take place?

14 A Oh, throughout 1973 and 1974.

15 Q How often?

16 A Not too often. I would say maybe a dozen times.

17 Q Lastly, with respect to Mrs. Buffham, Mr. Glassford,  
18 did she ever mention what would happen if this whole  
19 thing blew up?

20 A Yes.

21 Q And when did this conversation take place?

22 A In 1974.

23 Q Do you recall where?

24 A One time, at the Cassa Degallo Restaurant.

25 Q And what happened? What was the conversation about?

1 A Well, Mr. Gallo was supposedly helping me get some  
2 money to straighten this situation out at the bank.  
3 My understanding, from the Teamster's Union -- this  
4 didn't occur, and Mrs. Buffham was at the restaurant  
5 quite often, and it was discussed between her and I,  
6 when I was there --

7 THE COURT: Tell us what she said, and  
8 what you said not that it was discussed. What did  
9 they say, and what did you say, as best you can  
10 remember?

11 THE WITNESS: Well, I asked her how  
12 things were going at the bank, and she said they were  
13 in bad shape, that she didn't know from day to day if  
14 Mr. Van Graafeiland was going to come to work, or  
15 what he was going to do to himself, and if this wasn't  
16 straightened out pretty soon, she would be in trouble,  
17 and he would lose his job, and we would both go to jail,  
18 and that is about it.

19 THE COURT: What, if anything, did she  
20 say about Mr. Gallo?

21 THE WITNESS: Just that she knew of the  
22 situation that Mr. Gallo was trying to get me the  
23 money to straighten the indebtedness out at the bank.

24 BY MR. MATTHEWS:

25 Q Did she say anything with respect to the phoney stuff



1           paid back, and the initial interest on the loan, and  
2           the accruing interest.

3                       THE COURT:   What was the interest on  
4           that loan?

5                       THE WITNESS:   I believe it was fifty  
6           percent.

7                       THE COURT:   Was there any conversation  
8           when you didn't pay it back?

9                       THE WITNESS:   Yes.

10                      THE COURT:   What?

11                      THE WITNESS:   Well, just several times  
12           there was conversation regarding that loan and if it  
13           wasn't paid back that my face wouldn't look very pretty,  
14           or I might have visitors at my house.

15                      THE COURT:   Was there any conversation  
16           about getting the money, that is what we are concerned  
17           about?

18                      THE WITNESS:   Getting the money?

19                      THE COURT:   Yes, about your getting  
20           the money? Did you say you did not have it, or anything  
21           of that nature?

22                      THE WITNESS:   Yes, I didn't have it, and  
23           of course, the only place I could get it was from the  
24           bank.

25                      THE COURT:   Did he say anything about the

1 bank?

2 THE WITNESS: Yes.

3 THE COURT: What?

4 THE WITNESS: You can go down and get  
5 it from your buddy at Lincoln Bank, and you better get  
6 it, which I did. I went to Mr. Van Graafeiland, and  
7 told him that I had to have \$25,000.00 for Mr. Gallo  
8 and if I didn't get it, I didn't know what was going  
9 to happen to myself, or anyone else. And Mr. Gallo  
10 knew of my situation with the bank at that time.

11 MR. GERBER: I object to that, Your  
12 Honor.

13 THE COURT: Well, what did he say to  
14 you about the bank, if anything, and when did he say  
15 it, and where?

16 THE WITNESS: Well, it was said at the  
17 Cassa Degallo Restaurant.

18 THE COURT: What did he say?

19 THE WITNESS: I believe it was 1974  
20 when he said that he wanted the money. I didn't have  
21 it and he said go down and get it from your buddy at  
22 the bank. That was the extent of it.

23 BY MR. MATTHEWS:

24 Q You have mentioned three loans, Mr. Glassford. Was  
25 there anything said by Mr. Gallo with regard to the



1 Q And you don't recall the amounts?

2 A No.

3 Q How many times in total did you borrow from Mr. Gallo?

4 A I would say a dozen times.

5 Q And in total, what did you borrow from Mr. Gallo?

6 A Total monies?

7 Q Yes.

8 A I would say \$20,000; \$25,000.00.

9 Q And what did you pay back to Mr. Gallo with respect  
10 to those loans that you borrowed?

11 A The best I can recall, it was around seventy-five.

12 THE COURT: Had you and Van Graafeiland  
13 been in the presence of Gallo, together?

14 THE WITNESS: Yes.

15 THE COURT: Where and when?

16 THE WITNESS: At Lincoln Bank in Oswego,  
17 New York, and this was in 1974 -- mid-1974.

18 THE COURT: What was the purpose?

19 THE WITNESS: That particular day we  
20 had some bills that had to be paid.

21 There was a subcontractor, as I  
22 recall, on the Gallo job that had to be paid, and  
23 there was a few other bills, and one to Matthews  
24 Lumber Company, and the payroll, and so forth, and  
25 also some money that I owed Mr. Gallo, and I believe

1 it came out to \$42,000.00, and we went to Lincoln Bank  
2 in Oswego, and discussed this with Mr. Van Graafeiland  
3 and at the time he said he didn't know how he could  
4 cover another \$42,000.00.

5 Q And Mr. Gallo was present at this time?

6 A Yes.

7 Q Go on with the conversation.

8 A But he would try it. And the best I recall, he did  
9 write those checks to me, and as I recall, it was  
10 while we were there that he did it.

11 THE COURT: Is this about the conversation  
12 that you say you had where he said that go and get it  
13 from your buddy, or something to that effect?

14 THE WITNESS: That was a different  
15 occasion.

16 THE COURT: An earlier occasion?

17 THE WITNESS: No, I believe it was after-  
18 wards.

19 THE COURT: Had he seen you at some  
20 occasion before he said to get it from your buddy?  
21 Had he ever seen you and Van Graafeiland together in  
22 Gallo's presence?

23 THE WITNESS: No, not at that time.

24 THE COURT: Had you told him that  
25 you and Van Graafeiland were buddies, or anything



1 of that nature?

2 THE WITNESS: Yes, I told him of my  
3 situation with Van Graafeiland at Lincoln Bank.

4 THE COURT: What do you mean by your  
5 situation, and what did you tell him? Don't leave us  
6 to guess. We want to know what happened here? What  
7 did you tell him?

8 THE WITNESS: I told him that I had  
9 borrowed quite an amount of money from Mr. Van Graafeiland,  
10 from Lincoln Bank, way over and above his loan limit,  
11 around \$600,000.00 at the time, and I didn't know how  
12 I was going to pay it back, and it just kept building  
13 and building, and it came to a point where I could not  
14 stand it any more, and Mr. Van Graafeiland couldn't  
15 either, and at this conversation when I explained my  
16 situation to Mr. Gallo about Lincoln Bank, he offered  
17 to give me some help in borrowing the money to repay  
18 the bank. This is when the conversation started about  
19 the Teamster's Union.

20 THE COURT: When was that conversation?

21 THE WITNESS: It would have been in  
22 1974.

23 THE COURT: Where?

24 THE WITNESS: At my house.

25 THE COURT: In Clay?

1 of the Teamster's Union with the motel that Gallo  
2 was supposedly building, and did you?

3 A No, not with the motel.

4 Q Where did you first hear about the Teamster's Union?

5 A From Mr. Gallo.

6 Q Did Gallo ever tell you to tell Van Graafeiland about  
7 the Teamster's Union?

8 A Yes.

9 Q At the meeting in November --

10 MR. GERBER: Please, may I have a  
11 foundation for these discussions that apparently took  
12 place?

13 THE COURT: Yes.

14 Let's get the facts, and not a lot of  
15 conclusions. See what the witness has to say about  
16 when these conversations took place, and who said what.  
17 Give us the conversations so that the jury can draw  
18 their own conclusions.

19 BY MR. MATTHEWS:

20 Q You had a particular conversation with Mr. Gallo about  
21 the Teamster's Union, and when did that take place?

22 A I believe it was in 1974.

23 THE COURT: Who was present?

24 THE WITNESS: Mr. Gallo was present,  
25 and myself.



1 Mr. Glassford.

2 THE COURT: You are excused.

3 Next witness.

4 (Whereupon, the witness was excused.)

5 R O B E R T J. H U N T

6 Called as a witness, being first duly sworn, was  
7 examined and testified as follows:

8 DIRECT EXAMINATION

9 BY MR. MATTHEWS:

10 Q Mr. Hunt, what is your occupation?

11 A I am an attorney.

12 Q And were you present at the deposition taken of  
13 Mr. Glassford between the times of February and  
14 June of 1975?

15 A Yes, I was.

16 Q And where did this take place?

17 A It took place in my law office, and I am a partner  
18 of Bond, Schoeneck and King, in Syracuse.

19 Q And what was that deposition for?

20 A My firm represented the bank involved in this matter  
21 and we had instituted proceedings against Mr.  
22 Glassford and others. The depositions were conducted  
23 as part of the bankruptcy proceedings.

24 Q And that bankruptcy proceeding, was it a civil  
25 proceeding?

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1 A Yes, a civil proceeding.

2 Q And who else was present at that time?

3 A Well, there were, if I recall correctly, six or seven  
4 depositions, and there were various persons present.  
5 The one I believe you are interested in was June of  
6 1975, and the Court Reporter was present, Mr. Glassford,  
7 his attorney, his attorney was present, an attorney  
8 from the bank, Robert Gebhart, and myself.

9 Q Do you recall Mr. Glassford being asked questions  
10 regarding Mr. Gallo?

11 A Yes. Both Mr. Gebhart and myself asked questions  
12 on the record, and some of the questions related  
13 to his relationship with Frank Gallo and the work  
14 that Mr. Glassford and his company were performing  
15 at the restaurant; the Gallo restaurant.

16 Q Now, was all of Mr. Glassford's responses on the  
17 record?

18 A No.

19 Q Would you please explain?

20 A We reached a point very quickly in our questioning  
21 where Mr. Glassford indicated that he would be more  
22 comfortable responding off the record. We did make  
23 a statement for the record that we were leaving the  
24 record, and the Court Reporter left the room.

25

At that time we asked him to level with



1 us, and to tell the truth, and asked him what his  
2 involvement, if any, was with Frank Gallo.

3 We asked him why he was making payments,  
4 allegedly making payment to Mr. Gallo, when our  
5 examination had shown that he was doing work for  
6 Mr. Gallo, and the payments should have been from  
7 Gallo to Glassford. Glassford responded that he had  
8 been involved with some loans to Gallo or received  
9 some monies from Gallo by way of loans, and that he  
10 was repaying those loans, and that there had been  
11 exorbitant rates of interest, and loan sharking involved,  
12 and that he had had to use some of the monies that he  
13 had received from the bank to pay off these so called  
14 loans.

15 We asked Gallo's -- excuse me, we asked  
16 Glassford why he made those loans, and why he agreed  
17 to pay, why he allegedly agreed to pay the usury  
18 rates of interest, and he explained that he had  
19 received threats, to both himself and his family.

20 We also asked as to the amounts of  
21 money involved and weren't able to get specific  
22 responses but we got a range that the payments from  
23 Glassford to Gallo had been in the range of \$25,000.00  
24 to \$50,000.00.

25 Q And this testimony was off the record?

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1 A Yes, it was.

2 Q And at whose request?

3 A Actually at -- the initial request was Mr. Glassford,  
4 and concurred in by myself and Mr. Gebhart.

5 Q Was that all then?

6 A That is it. It was a relatively precession.

7 MR. MATTHEWS: Thank you.

8 THE COURT: Any cross examination?

9 CROSS EXAMINATION

10 BY MR. GERBER:

11 Q Mr. Hunt, prior to that occasion on March or June 13th,  
12 is that right, that that was the date that this occurred?

13 A It was in June. I am not sure of the date.

14 Q All right.

15 THE CLERK: Defendants' Exhibit N,  
16 marked for identification.

17 (Document marked Defendants' Exhibit N  
18 for identification.)

19 BY MR. GERBER:

20 Q I show you Defendants' Exhibit N for identification,  
21 and ask if you will identify that, sir (Offering)?

22 A Yes, this is the transcript by the Court Reporter,  
23 Mr. Alweiss and this is the record or part of the  
24 examination or deposition that I just testified to,  
25 and it is dated June 13th, 1975.



1 Q Was there any loan application involved for this particu-  
2 lar one?

3 A No, there was not.

4 Q And did you tell Mr. Glassford at that time how you  
5 were handling the loan?

6 A Yes, I did.

7 Q And what did you say to him?

8 A I told him that I would have to have the funds back  
9 on Monday morning. That I would be in jeopardy of  
10 losing my job if they did not come back in, if I  
11 had an examination.

12 THE COURT: There was a note involved?

13 THE WITNESS: Yes, there was a note.

14 THE COURT: Did you make any entry on  
15 the books showing that?

16 THE WITNESS: No, the note was simply  
17 was put into the teller's drawer.

18 BY MR. MATTHEWS:

19 Q Now, with this particular loan, were you over your  
20 loan authorities?

21 A Yes, I was.

22 Q And what would happen to you if the Lincoln Bank  
23 management found out about this particular loan?

24 A I would have lost my job.

25 Q Did you loan again to Mr. Glassford?

APL

1 In late 1973, Mr. Glassford probably  
2 owed me approximately \$600,000.00. Mr. Glassford  
3 told me that Mr. Gallo was going to call me, that  
4 they could not get the entire amount, but they would  
5 be able to get approximately \$365,000.00. He told  
6 me to verify this amount to Mr. Gallo, and also to  
7 give him a breakdown of how I wanted the money, and  
8 what denominations, or checks in order to put it back  
9 into the system.

10 I explained to Mr. Gallo at that time  
11 that I had to have this money, that my job was in  
12 jeopardy, and that I could not continue to loan  
13 Mr. Glassford any more funds. The second incident --

14 THE COURT: Did you tell him why your  
15 job was in jeopardy?

16 THE WITNESS: Specifically, no.

17 THE COURT: But to this point you had  
18 told Gallo about these loans and the manner in which  
19 you were handling them?

20 THE WITNESS: I had not told him anything  
21 in regard to the manner in which I was handling them.

22 BY MR. MATTHEWS:

23 Q You are talking about the mechanics and the rolling  
24 over, when you talk about the manner?

25 A That is correct.



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1                   Only to the extent that I was covering  
2 up the indebtedness.

3                   THE COURT: What did you say?

4                   THE WITNESS: Just the fact that my  
5 job was in jeopardy if I did not get it.

6                   THE COURT: When you say 'covering up',  
7 what did you tell him?

8                   THE WITNESS: The only thing that I told  
9 him specifically was that my job was in jeopardy.

10                  THE COURT: And that is all you said?

11                  THE WITNESS: If I did not have the  
12 money repaid, I would lose my job, and I would not be  
13 there.

14                  THE COURT: Did you ever use the words,  
15 'I am covering up', or anything of that nature?

16                  THE WITNESS: No, sir.

17 BY MR. MATTHEWS:

18 Q Not with respect to your phone conversation, is that  
19 correct?

20 A That is correct.

21 Q Words 'cover up' did they come up into the conversation?

22 A Only in a meeting that I had with Mr. Gallo in 1974.

23 Q All right. We will get to that meeting in just a minute  
24 Mr. Van Graafeiland.

25                  THE COURT: Incidentally, were these

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1 A Yes, I did.

2 Q And tell me when and where?

3 A It would have occurred on or about May 5th, 1975.

4 Q Please explain the circumstances?

5 A At the Oswego office. On that particular occasion,  
6 we had had a routine audit. There came a question of  
7 the charge slips to Oswego County Savings Bank. That  
8 day, later that day, when the auditors left, Mrs.  
9 Buffham and I talked at great length at what I was  
10 doing and how I was doing it.

11 Q Could you be more specific, Mr. Van Graafeiland?

12 A What I had to do on that occasion in order -- I felt  
13 I did -- in order to continue to cover up, was to  
14 let the charge slip to Oswego County Savings Bank  
15 go through the works.

16 I told her that is how I was doing it  
17 in regard to that charge slip.

18 THE COURT: Can you give us the  
19 conversation? What did you say, and what did she say,  
20 and not your conclusions about it. Do you think you  
21 can tell us the words as best you can remember them?  
22 The words out of her mouth and the words out of yours?

23 THE WITNESS: To the best of my recollection  
24 I explained to her what I had done --

25 THE COURT: What did you say?



AL 23

1 the auditors left the bank, between yourself and  
2 Mrs. Buffham?

3 A Prior to the time that they had left that day, I had  
4 been out to lunch. When I came back from lunch my  
5 immediate superior, Mr. Duerr was at the office.  
6 The auditors were questioning the currency advance  
7 slip to Oswego County Savings bank. He was there,  
8 and was also questioning. When I went towards the  
9 back of the room, Mrs. Buffham told me that he was  
10 there, and he was questioning the advance to Oswego  
11 County Savings Bank.

12 I went into the office.

13 THE COURT: How much was this advance,  
14 do you remember?

15 THE WITNESS: It was \$520,000.00.

16 THE COURT: That was taken out of her  
17 cash drawer and ostensibly loaned to Oswego County  
18 Savings Bank?

19 THE WITNESS: Well, the way it was:  
20 it was a slip stating that we had given them currency  
21 and were in fact charging their checking account for  
22 that currency that we had given them.

23 THE COURT: All right.

24 THE WITNESS: And that represented the  
25 cash portion of the money.

APR 24

1 THE COURT: What did she say the auditor  
2 said about the slip that was in the box?

3 THE WITNESS: Just that they were  
4 questioning the amount and the fact that it had taken  
5 place after we had closed the day before.

6 THE COURT: All right. What did you say?

7 THE WITNESS: I then went in and talked  
8 to the auditors and Mr. Duerr and explained to them,  
9 or lied to them to make them believe that in fact, the  
10 money had been advanced to Oswego County Savings bank.  
11 They accepted this and they continued on with the audit.

12 That afternoon, after we had closed,  
13 I went back and talked to June and told June that I  
14 had put or I had felt that I had to let this currency  
15 advance slip go through the works, that I was, in  
16 fact, covering up the indebtedness for Glassford with  
17 it. She told me that she had a feeling that I had  
18 had a problem with Mr. Glassford, and that she had  
19 been aware of it for a period of time.

20 I then told her what I was doing with  
21 regard to Oswego County Savings Bank, and the fact  
22 that I was typing up a slip indicating that they had  
23 gotten currency, when in fact they never did.

24 The fact that I had to let the slip  
25 be processed on that particular occasion, and that I



1 would wait approximately three or four days and then  
2 indicate that we had got the money back, and in a sense  
3 go back to the way it had been just prior to the time  
4 that the auditors came.

5 BY MR. MATTHEWS:

6 Q Now, Mr. Van Graafeiland, did you have audits subsequent  
7 to May of 1974?

8 THE COURT: Just a minute. What, if  
9 anything, did she say when you told her this?

10 THE WITNESS: Just that she had been  
11 aware that I had been involved with Mr. Glassford  
12 for a considerable length of time, and that she felt,  
13 or she was aware of what I was doing, covering up  
14 Mr. Glassford's indebtedness to us.

15 THE COURT: And what did you say in  
16 response to that, if anything?

17 THE WITNESS: I don't believe that I  
18 said anything. I think that I had felt right along  
19 that she probably had some idea, and I was not  
20 surprised at that.

21 THE COURT: Did you, in any way, solicit  
22 her help or her cooperation, or did you say thanks or  
23 what did you say?

24 THE WITNESS: I probably said, 'Thank  
25 you,' and anything that I asked her to do, I instructed

APR 24

1 her to do.

2 THE COURT: All right.

3 BY MR. MATTHEWS:

4 Q You had audits previous to 1974, is that correct?

5 A That is correct.

6 Q Would you, subsequent to 1974, would you also have  
7 audits?

8 A Yes.

9 Q Was there anything that you ever said to Mrs. Buffham  
10 with respect to those audits?

11 A The only thing that I mentioned to her was to tell  
12 the auditors that in regard to the passbook loan that  
13 the passbook was always out for updating.

14 Q And this occurred, starting when?

15 A Well, in 1971 through 1974.

16 Q And this particular passbook was always out of the  
17 office for updating?

18 A That is correct.

19 Q And in fact, was that passbook out of the office?

20 A There was no passbook.

21 Q There was no passbook?

22 A That is right.

23 Q Do you know if Mrs. Buffham told the auditors  
24 that that passbook was out of the office for updating?

25 A Yes, she did.



1 as opposed to calling me. He did not feel that he  
2 could get any more money from me and he needed, I  
3 believe, \$7,000.00 and he talked to her. She, in  
4 turn, talked to me, and I made the check out, and  
5 she took it out to him. He would not come in the bank  
6 on that particular occasion.

7 Q And who was it that Mr. Glassford requested this money  
8 from?

9 A From me.

10 Q And that conversation was related to you, through  
11 Mrs. Buffham?

12 A That is correct.

13 Q And he had called her, initially?

14 A That is correct.

15 Q And then what happened with respect to this money?

16 A I gave her the check for Mr. Glassford, and then  
17 she delivered it, or she took it out of the bank and  
18 gave it to him.

19 Q And when did this take place?

20 A I would believe it was in September of 1974.

21 Q Now, were there any loans to Glassford that Mrs.  
22 Buffham was involved in?

23 A Only to the extent that I had two loans, one in the  
24 amount of \$30,000.00 and one in the amount of \$28,000.00.  
25 They were both notes that he had signed.

1 We were making up internal transfers,  
2 or I had made up internal transfers indicating that  
3 I had a commercial note in process. She handled them  
4 when I went on vacation, in August of 1974. Simply,  
5 by updating these approximately every seven or five  
6 days, and from that time until December of 1974,  
7 either she or I updated them almost weekly.

8 Q These two loans; are you referring to these loans as  
9 loans in process?

10 A Loans in process.

11 Q What would she have to do with them?

12 A Make up the new internal transfer to wipe out the  
13 previous internal transfer.

14 Q And is that a normal banking procedure?

15 A No, it is not.

16 Q And would that cover the previous loan?

17 A That would also wipe out the previous loan, and then,  
18 in fact, show to the bank that there was a new loan  
19 in process.

20 Q If Mrs. Buffham didn't take this action, with respect  
21 to these two loans, if she didn't do it, what would  
22 occur?

23 A The auditors would question it. The fact that the loans  
24 had not been sent down to Syracuse, or the fact that  
25 they had two outstanding internal transfers for a



1 A No, sir.

2 Q And indeed, it was never your intent, was it?

3 A No, sir.

4 Q All right. And did you expect to have any personal  
5 gain by virtue of these funds that were loaned over  
6 your limit?

7 A No, sir.

8 Q So your intention was neither to defraud the bank  
9 or to enrich yourself?

10 A No, sir, it was not.

11 Q Now, since you didn't meet an agree --

12 THE COURT: Are you telling us that  
13 you did not know that you were misappropriating  
14 bank funds?

15 THE WITNESS: Yes, I did know that  
16 I was misappropriating bank funds.

17 THE COURT: But you did it intentionally,  
18 and not by accident?

19 THE WITNESS: I did not intend to do it.

20 THE COURT: You knew what you were doing?

21 THE WITNESS: I knew what I was doing,  
22 yes.

23 THE COURT: And you did it intentionally?

24 THE WITNESS: Not intentionally. I  
25 felt trapped.

APP. 30

1 THE COURT: But you knew what you were  
2 doing? You went on and did it?

3 THE WITNESS: I went out and did it,  
4 right.

5 THE COURT: And knowing it was wrong?

6 THE WITNESS: Knowing it was wrong.

7 THE COURT: Go ahead.

8 BY MR. GERBER:

9 Q When you say you felt trapped, sir, this meant at the  
10 inception, when you felt that you were over your  
11 limit in loaning?

12 A That is correct.

13 Q And this occurred soon after you started your  
14 association with Mr. Glassford?

15 A In late 1968, or early 1969.

16 Q And so you felt trapped at that time, is that correct?

17 A That is right.

18 Q And you felt compelled to continue at that time?

19 A In order to get the money back.

20 Q And this went on for some period of years?

21 A Yes.

22 Q And it went on for some period of years before you  
23 ever heard or met Mr. Glassford, isn't that true?

24 A That is correct.

25 Q All right. And at the time that you first heard of



1 hope that it would be repaid by someone?

2 A That's correct.

3 Q And Glassford kept saying, 'Just go on one or two more  
4 days until I make a little more money, and I will  
5 get this all cleared up'?

6 A Not necessarily that he made more money, no; until he  
7 got the loan approved.

8 THE COURT: Did you understand that  
9 these were loans in the best interest of the bank?

10 THE WITNESS: They were not in the best  
11 interests of the bank.

12 THE COURT: You knew that?

13 THE WITNESS: Yes, correct.

14 BY MR. GERBER:

15 Q Now, sir, didn't Glassford say, and I saying,  
16 'Just go along one or two more days until I make a  
17 little more money, and get this all cleared up'?

18 A Not until he made a little more money, no.

19 Q He didn't say that?

20 A No.

21 Q Did you ever testify to that before?

22 A He said that --

23 Q Did you ever testify to that before, sir?

24 A He stated that --

25 Q Can you answer that yes or no?

AL 2

1 THE COURT: Wasn't it your purpose  
2 also to cover up the fact that you were on the hook,  
3 by continuing to make the loans?

4 THE WITNESS: I couldn't get away from  
5 it, yes.

6 MR. GERBER: That is my point, Your  
7 Honor.

8 BY MR. GERBER:

9 Q And when Mr. Glassford didn't pay, he always had an  
10 excuse, didn't he?

11 A That is correct.

12 Q He always had a new source, didn't he?

13 A On numerous occasions he had new sources, yes.

14 Q And didn't you testify that he always had a new source?

15 A Not that he always had a new source. That he had a  
16 new approach to it.

17 Q Do you recall testifying on the 20th day of May, 1975,  
18 before the Grand Jury, and being asked these questions:

19 'He never threatened you, did he?'

20 'Answer: No, but he would always have  
21 some new excuses, some new sources of money. He always  
22 had a source.. Somebody was going to give him some  
23 money.'

24 Now, that was with reference to Mr.  
25 Glassford, wasn't it?



APP. 33

1 A Yes, I could have been.

2 Q And you were under a great deal of pressure?

3 A Certainly.

4 Q And you didn't want any exposure, and you didn't want  
5 to lose your job, so you continued to loan the money  
6 to Glassford?

7 A Based on the hope that I was going to get the money back.

8 Q All right. Now, it is not your testimony, is it,  
9 that you thought that anybody, really in his right  
10 mind, was going to pay a million dollars --

11 A I did, right up to the --

12 Q -- for a worthless corporation?

13 A I did, right up to the day I quit.

14 Q Mr. Van Graafeiland, you are a banker?

15 A Yes.

16 Q Would you loan money on something like that?

17 A No, I should not have but I did. But I believed right  
18 up to the day that I quit, that that money was going  
19 to be repaid.

20 THE COURT: Weren't you kidding yourself?

21 THE WITNESS: Looking back, yes.

22 THE COURT: Looking at it at that time,  
23 weren't you kidding yourself?

24 THE WITNESS: No, sir, I did not feel  
25 that I was.

1 THE COURT: Did you have any evidence  
2 whatever of that man's financial responsibilities?

3 THE WITNESS: No, sir.

4 THE COURT: You loaned him a million  
5 dollars without any proof whatever of his financial  
6 responsibilities, is that it?

7 THE WITNESS: Yes, sir.

8 BY MR. GERBER:

9 Q And that is after you heard story after story after  
10 story, and you never checked it out?

11 A That is correct.

12 Q And you tell this Court that you relied on those  
13 stories?

14 A I relied on the stories.

15 Q And you continued to loan him more money, based on  
16 that?

17 A Yes, I did.

18 Q And didn't your reliance, after a while become a little  
19 shaken, Mr. Van Graafeiland?

20 A On December 23rd and 24th it did.

21 Q Before that time, after all of the stories had come  
22 about, and when you finally came to the Gallo story,  
23 didn't you have a little less reliance?

24 A Well, at the end, I found out. At the end with Mr.  
25 Gallo.



1 Q So the sums of money became greater and became greater  
2 and you had more reliance on your ability to have  
3 them repaid, is that correct?

4 A Well, I had more people telling me the same story.

5 Q At the behest of Glassford? And after the auditors  
6 came on December, 1974, you realized that you couldn't  
7 avoid exposure any longer, didn't you?

8 A That is right.

9 Q You sought legal counsel immediately, didn't you?

10 A That is right.

11 Q Now, you were indicted on two indictments, weren't  
12 you?

13 A I believe on four.

14 Q And a total of at least six counts?

15 A That is correct.

16 Q And you settled your obligations to all of those  
17 counts by a plea to one?

18 A That is correct.

19 MR. GERBER: May I have just a moment  
20 for some documents, Your Honor?

21 THE COURT: Is that Count two of this  
22 indictment?

23 MR. GERBER: Yes.

24 THE COURT: You pleaded to Count two  
25 of this indictment, is that it?

1                   stated he thinks Ken has \$2 million stashed away."

2                               I offer Exhibits F and G, if it  
3 please the Court.

4                   MR. MATHEWS: No objection.

5                   THE COURT: Received.

6                   MR. GERBER: If it please the  
7 Court, I rest on behalf of the defendant Gallo.

8                   MR. TISDELL: Ruth E. Woolridge.

9                               RUTH E. WOLLRIDGE,  
10 having been called as a witness in behalf of  
11 defendant Buffham, was first duly sworn according  
12 to law and testified as follows:

13                               DIRECT EXAMINATION

14 BY MR. TISDELL:

15 Q.    Would you state your name again, please?

16 A.    Ruth Ella Woolridge.

17 Q.    What is your present address?

18 A.    R.D. 1, Penneilville, New York.

19 Q.    What is your business, Mrs. Woolridge?

20 A.    I am a cook at the Beaver Meadows Country Club.

21 Q.    Do you know the defendant, June Buffham?

22 A.    Yes, I do.

23 Q.    How long have you known Mrs. Buffham?

24 A.    24 years.

25 Q.    Do you know where Mrs. Buffham lives?



1 A. Yes, four doors from my house.

2 Q. Have you had occasion to meet Mrs. Buffham socially?

3 A. Yes, I have.

4 Q. And are you acquainted or do you know the general  
5 reputation of Mrs. Buffham for truth and integrity  
6 in the community in which she lives?

7 A. Yes, I sure do.

8 Q. And can you tell us what that reputation is?

9 A. She has a very good reputation, being honest and --

10 MR. TISDELL: Thank you.

11 CROSS-EXAMINATION

12 BY MR. MATHEWS:

13 Q. Mrs. Woolridge, you don't know of any of her problems  
14 with Lincoln Bank, is that correct?

15 A. No, I don't.

16 MR. MATHEWS: All right, thank you

17 THE COURT: You are excused.

18 ARTHUR ELLSWORTH,

19 having been called as a witness in behalf of  
20 defendant Buffham, was first duly sworn according  
21 to law and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. TISDELL:

24 Q. State your name for the record.

25 A. Arthur Ellsworth.

1 Q. Where do you reside, sir?

2 A. In Phoenix, New York.

3 Q. What is your occupation?

4 A. I own and operate a grocery store there.

5 Q. Do you know June Buffham?

6 A. Yes, I do.

7 Q. And how long have you known Mrs. Buffham?

8 A. Approximately 20 years.

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1 Q Do you know where Mrs. Buffham lives?

2 A She lives on Oneida River Road.

3 Q And are you acquainted with and do you know the general  
4 reputation of Mrs. Buffham for truth and integrity in  
5 the community in which she lives?

6 A Yes, I am. I have known her for that length of time,  
7 and any dealings I have ever had with her, her and her  
8 husband have traded with us in the grocery store there  
9 ever since they have been in Phoenix, and everything has  
10 been very good. They have had credit with me over the  
11 years and paid me and so on and --

12 MR. TISDELL: Thank you, sir.

13 CROSS-EXAMINATION

14 BY MR. MATHEWS:

15 Q Mr. Ellsworth, you are employed, you own your own grocery  
16 store?

17 A Yes.

18 Q You don't know of any of her problems with Lincoln Bank  
19 in Oswego, is that correct?

20 A I can't hear you, sir.

21 Q You don't know of any of Mrs. Buffham's problems with  
22 Lincoln Bank in Oswego?

23 A Only what I have read in the paper.

24 MR. MATHEWS: Thank you.

25 THE COURT: You are excused.

1 RHELDA STEMBIEN,  
2 having been called as a witness in behalf of Defendant Buffham,  
3 was first duly sworn according to law and testified as  
4 follows:

5 DIRECT EXAMINATION

6 BY MR. TISDELL:

7 Q Would you state your name for the record.

8 A Rhelda Stembien.

9 Q What is your present address?

10 A 109 Sickie Road, North Syracuse.

11 Q What is your business?

12 A I work at GE.

13 Q And do you know June Buffham?

14 A Yes, I do.

15 Q And how long have you known Mrs. Buffham?

16 A Over 25 years.

17 Q And do you know where Mrs. Buffham resides?

18 A Yes.

19 Q And are you acquainted with and do you know the general  
20 reputation of Mrs. Buffham for truth and integrity in  
21 the community in which she lives?

22 A Yes, I think it is very good. In her community where she  
23 lives?

24 Q Yes.

25 A Yes.



- 1 Q And were you previously employed at Lincoln Bank?
- 2 A Yes.
- 3 Q Would that be the branch bank in Oswego?
- 4 A Yes.
- 5 Q When were you first employed there?
- 6 A February 1971.
- 7 Q And who was the branch manager at that time?
- 8 A Mr. Dorr.
- 9 Q And did there come a time when Mr. VanGraffiland became
- 10 the branch manager?
- 11 A Yes.
- 12 Q And what was your position at the bank at that time?
- 13 A Teller.
- 14 Q And as an employee of Lincoln Bank, were you in the habit
- 15 of questioning your superiors' orders?
- 16 A No.
- 17 Q Were you in the habit of questioning Mr. VanGraffiland's
- 18 orders?
- 19 A No.
- 20 Q Would his orders always be followed?
- 21 A Yes.
- 22 Q Was he a boss in every sense of the word?
- 23 A Yes.
- 24 Q And during your time as teller, would Mr. VanGraffiland
- 25 come up to your teller's position and put debits and

- 1 credits in your teller's box?
- 2 A Yes.
- 3 Q And did he give you any explanation what these
- 4 transactions were?
- 5 A No.
- 6 Q And did you question these transactions?
- 7 A No.
- 8 Q Had he been doing it for a period of time while you were
- 9 a teller at Lincoln Bank?
- 10 A Yes.
- 11 Q And in the beginning of 1974, do you recall who the head
- 12 teller was at Lincoln Bank?
- 13 A The beginning of '74?
- 14 Q 1974, do you recall who the head teller was?
- 15 A Pat Sorel was.
- 16 Q Did there come a time when you overheard Mrs. Sorel,
- 17 Pat Sorel question Mr. VanGraffiland as to a trans-
- 18 action?
- 19 A Yes.
- 20 Q And can you tell us where this would have been?
- 21 A What it was about, you mean?
- 22 Q No. Was this at Lincoln Bank at Oswego?
- 23 A Yes.
- 24 Q And do you remember approximately when this was?
- 25 A It was after she took the position of head teller.



1 Q And could you tell us what she said and what he said?

2 A There was this slip with figures on it, and she asked why  
3 she was doing this and what it was, and he said, don't  
4 ask me, or don't bother me, I will tell you later.

5 Q Would it be fair to say that the employees at Oswego  
6 were fearful of disobeying any orders of Mr. VanGraffiland?

7 A Yes.

8 Q And did there come a time when you were promoted to the  
9 head teller position?

10 A Yes.

11 Q When would that be?

12 A September of -- I can't remember, '74, yes, '74.

13 Q And who instructed you as to the functions of head  
14 teller at this time?

15 A Ken VanGraffiland.

16 Q And did he instruct you as to how to react to a certain  
17 slip that was in the head teller box?

18 A Yes.

19 Q And what did he instruct you at this time?

20 A To treat it as if it were cash, and to add it into my  
21 balance sheet in order to balance.

22 Q And did you, did you do that?

23 A Yes.

24 Q And did there come a time when you questioned him about  
25 it?

- 1 A Yes.
- 2 Q What did he say and what did you say?
- 3 A He said, don't bother me, and it is just something you
- 4 have to do.
- 5 Q And as head teller, did your cash balance every night?
- 6 A Not every night.
- 7 Q Would you ever change the slip yourself?
- 8 A Never.
- 9 Q Who would change it?
- 10 A Ken.
- 11 Q By Ken, you mean Mr. VanGraffiland?
- 12 A Yes.
- 13 Q Did he ever tell you what it represented?
- 14 A No, that is why I asked him.
- 15 Q And did you continue to follow his orders in relation
- 16 to that slip?
- 17 A Yes.

18 MR. TISDELL: Thank you.

19 CROSS-EXAMINATION

20 BY MR. MATHEWS:

- 21 Q You were in fear of Mr. VanGraffiland, or in fear of
- 22 losing your job, is that it, if you didn't continue
- 23 with his instructions?
- 24 A I just did what I was told. I can't say that I was in
- 25 fear of losing the job over it.



1 highest position at the branch bank?

2 A Yes, it is.

3 Q Would he be your immediate superior?

4 A Yes.

5 Q Would he be the boss at that branch?

6 A Yes, sir.

7 Q And would he give the orders and set the procedures of  
8 the bank at that branch?

9 A Yes, he would.

10 Q And were the employees accustomed to questioning his  
11 orders?

12 A Definitely.

13 Q And you, were you, yourself, in the habit of -- I asked  
14 you whether the employees were accustomed to questioning  
15 the manager's orders.

16 A I'm sorry, no, you don't question the boss.

17 Q Were you in the habit of questioning his orders?

18 A No.

19 Q Now, at the time that Mr. VanGraffiland was transferred  
20 to Oswego, did he assume the same position as Mr. Dorr  
21 had had?

22 A Yes, he did.

23 Q And did he demand the same respect as Mr. Dorr?

24 A Yes.

25 Q And were his orders followed in the same manner as those

1 A Well, when I was talking over the particular car that I  
2 saw there, we couldn't come to an agreement on the  
3 accessories for the car. I thought he was being  
4 exorbitant, and I decided I didn't want to get the car.

5 Q Now, these discussions, conversations with Mr. Glassford  
6 in relation to the automobile, was this prior to the  
7 time that Kenneth VanGraffiland had instructed you to  
8 hold notes in your drawer?

9 A Yes, it was.

10 Q And this was prior to the time that you subed. as head  
11 teller, isn't that correct?

12 A Yes.

13 Q Would you at any time tell Alan Glassford if he didn't  
14 sell you his car, that you were going to blow the whole  
15 thing in?

16 A Absolutely not.

17 Q And did you buy a car from Mr. Glassford?

18 A No, I did not.

19 Q When you would see Alan Glassford, would it always be  
20 in the restaurant?

21 A It would be in the bar.

22 Q Was he drinking?

23 A Yes.

24 Q Would it be fair to say he was usually drunk?

25 A Quite.



1 Q At that time, did you have any conference with Mr.  
2 VanGraffiland in his private office or in the conference  
3 room of Lincoln Bank in Oswego?

4 A No, I did not.

5 Q At that time, did Mr. VanGraffiland tell you he was  
6 rolling over loans for Alan Glassford?

7 A No, he did not.

8 Q At that time, did Mr. VanGraffiland tell you that Alan  
9 Glassford owed the bank huge sums of money?

10 A No, he did not.

11 Q At that time, did Mr. VanGraffiland tell you that he was  
12 using an advance or payroll slip in the head teller's  
13 box?

14 A No.

15 Q Now, did there come a time when Mr. VanGraffiland asked  
16 you to hold some loans on his behalf?

17 A He gave me two unsecured loans and told me to hold them  
18 at my desk, that they were going to be paid off in a  
19 few days, and he did not want to send them to Syracuse,  
20 that he wanted me to hold them. I was working at the  
21 new account desk at that time.

22 Q And when was this, Mrs. Buffham?

23 A This was, I would say, early fall of 1974. I don't  
24 recall exactly when.

25 Q Did he explicitly instruct you to hold these notes?

- 1 A Yes, I was.
- 2 Q Were you advised you did not have to testify?
- 3 A Yes, I was.
- 4 Q And did you still voluntarily testify before the grand  
5 jury?
- 6 A Yes, I did.
- 7 Q Mrs. Buffham, since December 1974, have you received any  
8 payment from Lincoln Bank for the profit-sharing plan?
- 9 A I received payment in full of the profit-sharing plan  
10 in -- it was either June or July of 1975.
- 11 Q Mrs. Buffham, throughout 1974, did you receive any money  
12 from Alan Glassford?
- 13 A No, I did not.
- 14 Q Did you receive any money from Kenneth VanGraffiland?
- 15 A No, I did not.
- 16 Q Did you receive any money from Frank Gallo?
- 17 A No.
- 18 Q Did you receive any money from any of those people?
- 19 A No, I did not.
- 20 Q Did you at any time plan with Mr. VanGraffiland to  
21 misapply bank funds?
- 22 A No, I did not.
- 23 Q Did you at any time plan with Mr. Glassford to misapply  
24 bank funds?
- 25 A No, I didn't.



1 to Syracuse? Enter the loans as outstanding loans  
2 on the books of the bank? Is that what you mean?

3 THE WITNESS: That's right.

4 THE COURT: In other words, he asked  
5 you not to enter them on the books of the bank, is  
6 that what you are telling me?

7 THE WITNESS: At that particular time,  
8 yes, that is what he told me.

9 THE COURT: Was that a regular procedure  
10 of the bank, or an irregular procedure?

11 THE WITNESS: It is irregular, but --

12 THE COURT: Did you know that it was  
13 irregular?

14 THE WITNESS: It had been --

15 THE COURT: Did you know that it was  
16 irregular; yes or no.

17 THE WITNESS: It was not normal procedure.

18 THE COURT: Did you know that it was an  
19 irregular procedure?

20 THE WITNESS: Yes.

21 THE COURT: To make off-the-book loans?

22 THE WITNESS: I did not know at that time  
23 it was off-the-book loans. I assumed that he was going  
24 to get the documentation.

25 THE COURT: Well, you knew they weren't

1 on the books, didn't you?

2 THE WITNESS: But I understood the  
3 documentation was going to be coming in, and it was  
4 going to be on the books.

5 THE COURT: You did not record it on  
6 the books when made?

7 THE WITNESS: When made; yes.

8 THE COURT: And in the normal course  
9 of business and improper procedures, they should have  
10 been; did you know that?

11 THE WITNESS: Yes.

12 THE COURT: All right. Now, did you  
13 withhold these notes from the court?

14 THE WITNESS: Yes, I was instructed to  
15 hold them at my desk.

16 THE COURT: I didn't ask you what you  
17 were instructed. I just want to know if you withheld  
18 them.

19 THE WITNESS: Yes, I did.

20 THE COURT: Now, you say you did that  
21 because VanGraffiland told you to do it, is that right?

22 THE WITNESS: That's right.

23 THE COURT: On his orders?

24 THE WITNESS: On his instructions, yes.

25 THE COURT: All right.



1 BY MR. MATHEWS:

2 Q And do you recall Mr. VanGraffiland telling you that he  
3 dare not submit these loans to the main office without  
4 the financial statement?

5 A He said he did not have the financial statement to send  
6 them down there. He did not say he dare not. I don't  
7 recall him using that expression.

8 THE COURT: Of course, if they were  
9 not recorded on the books, the main office would not  
10 know the loans had been made; is that right?

11 THE WITNESS: That's right.

12 THE COURT: Nor an auditor would not  
13 know that they have been made; right?

14 THE WITNESS: That's right.

15 THE COURT: Or a bank examiner; right?

16 THE WITNESS: Right.

17 THE COURT: So, you knew that VanGraffiland  
18 was concealing the fact of these loans from the bank  
19 officers, from his superior bank officers, from the  
20 auditors and from the bank examiner; is that right?

21 THE WITNESS: When the loan went on, yes.  
22 I didn't realize that this was what was happening.

23 BY MR. MATHEWS:

24 Q Mrs. Buffham, do you recognize Government's Exhibit 12  
25 marked for identification? I believe your signature

1 Q So that you knew that there was no financial statement  
2 for these two loans to Mr. Glassford, is that correct?

3 A Mr. VanGraffiland said there was not, yes.

4 Q Well, you had the notes, and there was no financial  
5 statement, no promissory -- there was no --

6 A There was the note. There was the legal document with  
7 Mr. Glassford's signature that he owed the bank that  
8 amount of money.

9 THE COURT: Would you answer the question?

10 THE WITNESS: I'm sorry.

11 THE COURT: Did you know whether there  
12 were any financial statements?

13 THE WITNESS: No, I did not know.

14 THE COURT: You knew that you did not  
15 have any in your possession?

16 THE WITNESS: I knew I did not have any,  
17 right.

18 BY MR. MATHEWS:

19 Q But you were told that there were no financial statements  
20 for those notes, correct, by Mr. VanGraffiland?

21 A Yes, I was told that.

22 Q All right, fine. Now, what were the amounts of those  
23 two loans, Mrs. Buffham?

24 A I don't know exactly what they were. I believe one was  
25 in the amount of \$30,000 and the other, I think, was



1 A Right.

2 Q Without any collateral, no provision --

3 A It was an unsecured note.

4 Q All right.

5 A There would not be collateral on it.

6 THE COURT: Was there any interest on it?

7 THE WITNESS: There was interest figured  
8 on it. The interest would be payable at the time the  
9 note is paid.

10 THE COURT: Was it paid?

11 THE WITNESS: I don't know.

12 Mr. VanGraffiland called me on the intercom and asked  
13 me to bring the note up to his desk. I assumed that  
14 they were being paid out at that time.

15 BY MR. MATHEWS:

16 Q Do you remember when you started doing this, Mrs.  
17 Buffham, and when you finished?

18 A I don't remember the exact time, no.

19 Q Would it be as late as November, latter part of November?

20 A I don't know. I was on vacation most of November.  
21 I really don't know exactly when.

22 Q Would it refresh your recollection to look at the date on  
23 those?

24 THE COURT: What are you referring to?

25 MR. MATHEWS: The internal transfers.

1 THE COURT: What exhibit numbers?

2 THE CLERK: 13 and 14.

3 MR. MATHEWS: 13 and 14, your Honor.

4 THE COURT: All right.

5 THE WITNESS: These are dated November  
6 the 19th.

7 BY MR. MATHEWS:

8 Q So that then you would have been preparing the documents  
9 from some time in August to some time in the latter part  
10 of November; is that correct then?

11 THE COURT: What was the basis, the  
12 factual basis of this debit memorandum that you made?  
13 What transaction did it reflect, Mrs. Buffham?

14 THE WITNESS: It reflected the out-  
15 standing loan that was being held in the office.

16 THE COURT: Then what transaction did  
17 the credit memorandum reflect?

18 THE WITNESS: It would be offsetting the  
19 previous transaction that had gone through.

20 THE COURT: Were there any such  
21 transactions in these rollover occasions, or were they  
22 pure shams?

23 THE WITNESS: I did not feel that these  
24 were pure shams.

25 THE COURT: Did you know that there had



1 Q Was Mr. Glassford in the office every single day,  
2 Mrs. Buffham?

3 A I don't know.

4 Q On the average, would he be in there every single week?

5 A I believe I saw him in the office on different occasions.  
6 Where my desk is, anybody can --

7 Q How often would he be in the office?

8 A I don't know how often he was in the office.

9 THE COURT: How large is this branch  
10 office? Is it one floor, two floors, where is it,  
11 how big?

12 THE WITNESS: It is one, large office,  
13 but --

14 THE COURT: One floor?

15 THE WITNESS: It is one floor.

16 THE COURT: Is it open?

17 THE WITNESS: No, it is not. There is  
18 a partition from where I sit, and I sit with my back  
19 to the lobby.

20 THE COURT: Are these glass partitions?

21 THE WITNESS: No, it is a wooden  
22 partition.

23 THE COURT: All the way up?

24 THE WITNESS: At least shoulder high.

25 THE COURT: Shoulder high?

- 1 THE COURT: It would help if you could  
2 put leading questions, Mr. Mathews, on cross-  
3 examination, rather than conduct an examination  
4 before trial in the courtroom. It takes forever, the  
5 way you are doing it. Put leading questions.
- 6 Q Was there ever any time that you went to see Mr. Glassford  
7 and you had Mr. Glassford sign some loans, or sign some  
8 papers that Mr. VanGraffiland had given you? This would  
9 take place in the latter part of 1974.
- 10 A Mr. VanGraffiland gave me an envelope to take over to  
11 Mr. Glassford at a bar where Mr. Glassford had  
12 apparently been in contact with Mr. VanGraffiland.
- 13 Q And you don't recall what the papers were that Mr.  
14 Glassford was to sign; is that correct?
- 15 A They were in an envelope. He gave me the envelope and  
16 said, take it over to him.
- 17 Q All right. Mr. VanGraffiland took a vacation in the  
18 summer of 1974; is that correct?
- 19 A Yes.
- 20 Q And did you take any action with respect to the currency  
21 advance slips with respect to the Oswego County Savings  
22 Bank?
- 23 A I was given a number of documents by Mr. VanGraffiland  
24 to be put through on certain days. It was in connection  
25 with all the loans. They probably were in with it.



1 Now, just as I am the exclusive  
2 judge of the law, you are the exclusive judges of  
3 the facts. You and you alone decide what weight,  
4 what effect and what value you will give to the  
5 evidence. You decide whether or not to believe  
6 a witness, and of course, ultimately you decide the  
7 guilt or non-guilt of each defendant on each count  
8 in this case.

9 Now, you are not to conclude from  
10 any rulings that I have made throughout this trial  
11 or any questions that I asked that I have any opinion  
12 one way or the other as to whether any defendant is  
13 guilty or not guilty of the charges made against  
14 him here. That decision is exclusively up to you.

15 Now, finding the facts is merely a  
16 process by which you, the jury, consider the exhibits  
17 which have been received in evidence and the testimony  
18 of all of the witnesses on both direct and cross-  
19 examination, sift out what you believe, weigh it  
20 in the scale of your common sense and your reasoning  
21 powers and draw such conclusions as your experience  
22 in life and your common sense tell you the evidence  
23 supports and justifies, and decide just where the  
24 truth lies in this case.

25 Now, in this connection, all evidence